



## **Testimony Submitted By Suzanne Bates, Policy Director of the Yankee Institute for Public Policy, to the Finance and Revenue Committee on HB 5411.**

March 18, 2015

The Yankee Institute for Public Policy is a Connecticut think tank that develops and advances policy solutions to promote smart, limited government; fairness for taxpayers; and an open road to opportunity for all the people of our state.

### **I submit this testimony to raise concerns about House Bill 5411.**

House Bill 5411 says only that the bill would “make changes” to the rates, credits, and exemptions to the personal income tax so that “tax liability is more equitable.”

Connecticut’s current tax structure is heavily reliant on its wealthiest residents, which also increases our tax volatility. Our top-earning 357 households pay 10 percent of all state taxes – which comes out to \$2.7 million per family or small business. If you continue to raise taxes on Connecticut residents to pay for the ever-increasing cost of state government, our population will keep shrinking as individuals and businesses leave Connecticut to move to lower-cost states.

High taxes also hurt the poor because they pay the most in terms of the higher cost of goods and services, and in lost jobs.

Connecticut enacted the highest tax increase in its history in 2011, and here we are just a few short years later, again trying to figure out how to close a large deficit. Tax increases are not the answer. They may provide a short-term hike in revenues, but over the long-term you will further erode the state’s tax base.

In addition, if this bill proposes to raise taxes, it should make that clear. At this point it is very unclear what the intentions are of the bill. This committee should not raise taxes. If it intends to raise taxes, it should make those plans as transparent as possible.